



Legislative Fiscal Bureau

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September 22, 2014

TO: Senator Jennifer Shilling
Room 20 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: 2013-15 and 2015-17 General Fund

In this office's September 8, 2014, memorandum, it was estimated that the state could face a two-year commitment of \$1,766 million going into the 2015-17 biennium. The Department of Revenue recently reported that tax collections in 2013-14 were \$281 million lower than the final budget estimate. The \$1,766 million estimate in the September 8 memorandum assumes that tax collections in 2014-15 will also be below the budgeted amount by \$281 million. As with all prior out-year commitment exercises prepared by this office, the \$1,766 million is based upon base year (2014-15) revenues and net appropriations, adjusted for 2015-17 commitments. It does not assume any growth in revenues or appropriations in the next biennium.

You asked how the \$1,766 million amount would change under the following assumptions.

1. Revenues in 2015-16 and 2016-17 would increase annually at the rate of tax collection growth over the previous five fiscal years. The average annual growth in tax collections for the five-year period (since 2008-09) has been 2.9%. This would result in revenue growth of \$1,317 million in 2015-17.
2. 2015-17 agency budget requests of \$1.07 billion would be appropriated in 2015-17.
3. In addition to Item #2, above, appropriations for educational programs would increase by \$568 million in 2015-17 over base year levels.
4. In 2015-17, \$680 million would be transferred from the general fund to the transportation fund.

Under these assumptions, the 2014-15 gross, general fund balance would be -\$397 million and the balance for 2015-17 would be -\$2,767 million.

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